



COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION
400 NORTH STREET
HARRISBURG, PENNSYLVANIA 17120

ANDREW G. PLACE
COMMISSIONER

April 18, 2019

Honorable Members of the Senate Consumer Protection and Professional Licensure Committee,

As it is the Public Utility Commission's practice to only transmit the majority position on proposed legislation, I am writing independently to express my dissenting opinion on Senate Bill 510.

As currently drafted, the annual cost to the Commonwealth's ratepayers for SB 510 would be between \$422M and \$506M. While the revenue would accrue to all of the Commonwealth's nuclear units, only Three Mile Island (TMI) is currently uneconomic, with some uncertainty whether Beaver Valley is profitable. Pennsylvania's residential consumers would see increases in monthly bills of between \$2.36 to \$4.50, depending on heating source.¹ Large commercial customers would see monthly increases of between \$608 and \$730, while industrial customer impacts would range from \$1,216 to \$1,459.²

The Commission is tasked with ensuring just and reasonable rates. Allocating these significant costs to ratepayers for nuclear generators to maintain the status quo in terms of carbon emissions, jobs, tax base etc. does not comport with that obligation. While human health and environmental quality; job creation and retention; and maintaining a robust tax base are cornerstone public policy goals, this bill, in its current form, is far from the least cost mechanism to achieve those goals.

¹ 2018 residential consumption- 776 kWh/month (non-heating) and 1,233 kWh/month (heating).

² Large Commercial consumption of 200,000 kWh/month and Industrial of 400,000 kWh/month.

Fundamentally, the opportunity cost of foregoing alternatives— such as a price on carbon, energy efficiency, need-based support for distressed nuclear units, incentivized technological innovation, or investments in other zero-emission generation— is sizeable. It is also noteworthy that if TMI and Beaver Valley were to retire in the near-term, grid reliability would not be compromised, while the subsidization of such a significant portion of the wholesale energy market would be distortional to competitive market prices. Additionally, this bill does not provide certainty that these nuclear plants would not close.

While other states have passed legislation in support of nuclear generation, there are key differences between those statutes and the proposal currently before your Committee. Particularly, states have only subsidized a portion of their nuclear generation, required plants to show evidence of financial necessity and coupled nuclear support with enhanced support for renewable energy and energy efficiency.

For the above reasons I do not believe Senate Bill 510, as currently drafted, is just and reasonable for Pennsylvania's ratepayers, and encourage consideration of alternatives for addressing this intricate issue.

Regards,

A handwritten signature in black ink, appearing to read "Andrew Place", written in a cursive style.

Andrew G. Place, Commissioner

cc: Chairman Gladys Brown Dutrieuille
Vice Chairman David W. Sweet
Commissioner John F. Coleman, Jr
Commissioner Norman J. Kennard
PUC Legislative Director June Perry